

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Casey Machine Co. Inc.

New York Manufacturing Extension Partnership

Casey Machine Company Inc. -- Theory of Constraints Implementation

Client Profile:

Casey Machine Company, Inc., established in 1976, is a contract manufacturer of machined parts for the aerospace, medical, pharmaceutical industries and various other industrial markets. The company currently employs 45 people, including about 33 production workers, at its 16,000 square foot facility in Lancaster, New York.

Situation:

Casey Machine's business had become stagnant and was beginning to show signs of decline in some targeted markets that the company supplied. However, company management committed itself to reversing this trend and expanding the business base business by gaining and sustaining a competitive edge in the marketplace. Moreover, management recognized the need to bring focus and alignment to the company's operations and marketing efforts. Casey Machine's senior management had some prior exposure to the principles and concepts of the Theory of Constraints and believed that this methodology could help them revitalize the company. As a result, the company contacted the Western New York Technology Development Center, Inc. (WNYTDC), New York Manufacturing Extension Partnership's Western New York regional center and a NIST MEP network affiliate, to help support their efforts in Theory of Constraints application.

Solution:

Because WNYTDC had an on-staff "Jonah," who was certified by the Dr. Eli Goldratt Institute, the Center staff understood the approach needed to apply Theory of Constraint concepts at Casey Machine. The prescribed methodology followed by Casey Machine required three steps. First determine what to change, then determine what to change to, and finally, determine how to cause the change to happen. The Theory of Constraints process enabled the company to recognize not only what was needed, but also to understand the methodology and the activities that supported the overall change. All of these activities were completed in a team approach facilitated by the Center's "Jonah." The management team at Casey Machine went through a 4x4 strategic planning process to better understand the concepts of the Theory of Constraints and how the concepts applied to their situation. This process allowed the company to complete a comprehensive review of all appropriate Theory of Constraints applications (i.e. what to change) and to develop a detailed strategic plan (what to change to) created through Theory of Constraints thinking processes. Detailed tactics and an accountability matrix were developed to determine what actions were necessary and who was responsible for implementing the solution that supported the strategic direction (how to cause change to happen). These changes were driven a joint Center/Company team and subsequently introduced to all employees through application on the shop floor and support areas. Perhaps the greatest challenge confronted was changing the mindset of the ownership team and reaching a consensus on the changes most needed. With WNYTDC's assistance, the group identified key performance measures as well as the means of consistently tracking and measuring both performance and impact on the

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business. Of particular importance was the ability to no longer allow a non-constraint, i.e. a secondary operation, to become a constraint.

Results:

- * Reduced lead time by over two weeks.
- * Increased sales by 15 percent.
- * Improved profitability by 5 percent.
- * Increased employment by 25 percent.
- * Increased capital investment of \$350,000 for business expansion.

Testimonial:

"The ability to consistently focus on the constraint and to base decisions on factors that influence throughput has been critical to the success of this project."

Pete Szulc, Vice President